

Message Text

UNCLASSIFIED

PAGE 01 BONN 03941 161946 Z

63

ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12

LAB-06 SIL-01 DODE-00 PM-09 H-02 L-03 PA-03 PRS-01

USIA-12 ABF-01 FSE-00 AGR-20 RSR-01 /196 W

----- 075698

R 161757 Z MAR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3933

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

UNCLAS BONN 3941

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E. O. 11652: N/ A

TAGS: EFIN, GW

SUBJECT: MONETARY DECISIONS OF FEDERAL CABINET

1. BEGIN SUMMARY: THE FOLLOWING IS AN INFORMAL TRANSLATION OF
A STATEMENT PUBLISHED BY THE FEDERAL PRESS OFFICE ON THE MARCH
14 DECIDISIONS OF THE FEDERAL CABINET TO REVALUE THE DEUTSCHEMARK,
TO MAINTAIN FIXED EXCHANGE RATES WITHIN A GROUP OF 6 EEC COUNTRIES,
AND TO LET THE CURRENCIES OF THESE COUNTRIES FLOAT AGAINST THE
CURRENCIES OF THE REST OF THE WORLD. END SUMMARY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 03941 161946 Z

2. BEGIN TRANSLATION: ON MARCH 14, THE FEDERAL CABINET HAS NOTED WITH SATISFACTION THE RESULTS OF THE MONETARY CONFERENCES OF THE RECENT DAYS. IT WAS PARTICULARLY PLEASED THAT A HEABY SET- BACK TO EEC MONETARY INTEGRATION COULD BE PREVENTED. THE CLOSE AND GOOD COOPERATION WITH ALL EEC PARTNERS AND THE U. S. CONSIDERABLY FACILITATED THE SETTLEMENT OF THE LATEST MONETARY CRISES.

3. THE DEUTSCHE BUNDESBANK IS -- LIKE CENTRAL BANKS OF ALL OTHER EEC COUNTRIES -- NO LONGER OBLIGED TO PURCHASE DOLLARS.

4. IN EUROPE, THE FRG TOGETHER WITH FRANCE, THE NETHERLANDS, BELGIUM, LUXEMBOURG AND DENMARK WILL ESTABLISH A BLOC OF IFIXED EXCHANGE RATES

.
FOR THE CURRENCIES OF THESE COUNTRIES, THE MAXIMUM EXCHANGE RATE MARGIN WILL, AS PREVIOUSLY, BE PLUS/ MINUS 2 1/4 PERCENT. THE DEUTSCHE BUNDESBANK WILL GUARANTEE THIS BY INTERVENING ON EXCHANGE MARKETS WITHIN THE SCOPE OF THE EEC INTERVENTION MECHANISM. IT CAN BE EXPECTED THAT SEVERAL NON- EEC COUNTRIES WILL JOIN THIS ARRANGEMENT.

5. AS CONTRIBUTION TO THE MAINTENANCE OF EXTERNAL ECONOMIC EQUIL-
IBRIUM, THE DEUTSCHEMARK WILL BE REVALUED BY 3 PERCENT. FOR THE DOMESTIC ECONOMY, THE EXCHANGE RATE MEASURE WILL CONTRIBUTE TO THE
DAMPENING OF BOTH THE ACCELERATING RATE OF ECONOMIC GROWTH AND PRICES.

6. EFFECTIVE MARCH 19,1973, THE CENTRAL RATE OF THE DM WILL BE
1 DM - 0.294 389 SDR(SPECIAL DRWAING RIGHT).
THUS, THE CENTRAL RATE IS FOR THE FIRST TIME FIXED IN SDR' S.

7. THE FOLLOWING EXCHANGE RATE RELATIONS RESULT FROM THIS MEASURE:

100 FF - PREVIOUSLY DM 62,9924, NOW DM 61,1585
100 HFL - PREVIOUSLY DM 99,3158, NOW DM 96,4245
100 BFR - PREVIOUSLY DM 7,1905, NOW DM 6,9812
100 DKR - PREVIOUSLY DM 46,1676, NOW DM 44,8322.

8. UNDER THE CIRCUMSATANCES, THE SOLUTION ACHIEVED MUST BE CON-
SIDERED TO BE AN OPTIMAL ONE: FOR EUROPEAN POLICY WITHIN THE
WIDER SCOPE OF OUR FOREIGN RELATIONS AND FROM THE POINT OF VIEW
OF OUR OWN DOMESTIC ECONOMIC POLICY. END TRANSLATION. HILLENBRAND

UNCLASSIFIED

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN03941
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730334/aaaaicbh.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 09 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Aug-2001 by maustmc>; APPROVED <15-Aug-2001 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971217
Subject: MONETARY DECISIONS OF FEDERAL CABINET
TAGS: EFIN, GW
To: BERN
BRUSSELS
COPENHAGEN
EUR
LONDON
PARIS
ROME

SECSTATE WASHDC
THE HAGUE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005